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Supreme Court, U.S.
FILED
MAR 9 - 2004
OFFICE OF THE CLERK

No. 03-1133

IN THE

Supreme Court of the United States

FESTO CORPORATION

Petitioner,

v.

SHOKETSU KINZOKU KOGYO KABUSHIKI CO., LTD, a/k/a SMC CORPORATION and SMC PNEUMATICS, INC.,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF IN OPPOSITION

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CORPORATE DISCLOSURE STATEMENT

SMC Pneumatics, Inc. is now SMC Corporation of America. SMC Corporation is its parent. There is no parent or publicly held company owning 10% or more of the stock of SMC Corporation.

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STATEMENT

A. Introduction

In our statutory claiming system, a patent must "conclude with ... claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention." 35 U.S.C. §112, ¶2. This requirement is critical for proper operation of our system since the patent examiner determines whether to allow a patent to issue based upon the scope of the invention set forth in the claim and, after the patent issues, the public determines from the scope of the claim what it cannot do and,

conversely, those areas in which it can still innovate and compete. When the scope of the patent is not defined by the claim, the patent escapes examination and the public has no way of determining those areas in which it can still innovate and compete.

In this case involving rodless cylinders, Festo's patents assert the superiority of Festo's (1) magnetizable sleeve to prevent interference from magnetic fields and (2) two sealing rings, one at each end of the piston, to prevent dirt from coming into contact with the piston. During prosecution of its patents, Festo narrowed its broad claims so as not to cover (1) a sleeve that was not magnetizable or (2) fewer than two sealing rings, since Festo regarded these features as "inferior" and "unacceptable." Pet. App. 17a, 20a. However, after SMC began selling a rodless cylinder with a sleeve that was not magnetizable and with only one sealing ring, Festo's position underwent a 180° change and Festo asserted that these features, rather than being inferior and unacceptable as Festo asserted before the Patent Office, were, instead, "equivalent" to Festo's magnetizable sleeve and two sealing rings. Contrary to Festo's assertion (at 7), it is not the law of the case that these differences are not substantial. Pet. App. 91a.

Two years ago in this case, this Court held that a claim element that is narrowed during examination is limited to the literal scope selected by the patentee unless he can show that he was unable to present a claim that was broad enough to cover the now accused equivalents. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 535 U.S. 722, 741 (2002) ("The patentee must show that at the time of the amendment one skilled in the art could not reasonably be expected to have drafted a claim that would have literally encompassed the [now] alleged equivalent.").

Upon remand by this Court to the Federal Circuit, Festo did not say that it was unable to insist upon its previously filed but subsequently narrowed claim that was broad enough to cover SMC's non-magnetizable sleeve and one sealing ring; rather it said that it did not do so because it thought that these features were "inferior" and "unacceptable." Pet. App. 17a, 20a. However, the Federal Circuit in an 11-2 *en banc* decision held that Festo's reason showed that Festo could have insisted upon a claim that covered a non-magnetizable sleeve and one sealing ring if it had desired to do so. *Id.*

Festo now seeks this Court to interpret its two year old decision in this case to permit a patentee such as Festo to argue one way in the Patent Office to obtain its patent (narrow the claim to require a magnetizable sleeve to prevent interference from magnetic fields and two sealing rings to keep out dirt since these features are superior) and to argue just the opposite to expand its narrowed claim after its patent issues (the inferior sleeve that is not magnetizable is "equivalent" to one that is magnetizable and the inferior one sealing ring is "equivalent" to two sealing rings).

B. Procedural Background

After this Court remanded this case to the Federal Circuit to determine whether Festo could rebut the presumption that a narrowed claim element is restricted to the literal scope selected by the patentee, SMC moved that judgment be entered in its favor. SMC'S MOTION FOR JUDGMENT IN ITS FAVOR AND THAT THIS MATTER BE HEARD *EN BANC* filed June 25, 2002. This put Festo in a position similar to that of a party who has been served with a motion for summary judgment – he is on notice that, unless he can present a sufficient opposition, he may have summary judgment entered against him.

Since at this point in time the Federal Circuit had yet to construe this Court's 2002 decision, Festo's assertion that the Federal Circuit's subsequent decision over a year later restricted Festo's opposition to SMC's earlier motion makes no sense whatsoever.

Since SMC's motion for judgment stated that Festo had no reason for not insisting upon its previously filed broader claims if it had wanted to cover the now accused equivalents, Festo merely had to ask itself if it had a reason for not doing so and, if so, to present this reason to the Federal Circuit in opposition to SMC's motion. At this point in time, Festo did not have to offer any evidence; it merely had to provide its reason so that the Federal Circuit could determine whether, if proved, the reason would be sufficient to rebut the presumption established by this Court. Since all Festo had to do was to present *its* reason to the Federal Circuit, Festo was not, as it now asserts, denied the opportunity to present evidence.

In short, since SMC's motion put Festo on notice that judgment might be entered against it if it could not present a sufficient reason to rebut the presumption and Festo had only to ask itself for this reason, Festo was not, as it asserts, denied either due process or the opportunity to present evidence.

C. Factual Background

Throughout its petition, Festo pejoratively refers to SMC as a "copyist" and an "unscrupulous copyist." Festo misstates the record in this case. The district court agreed with SMC that "there is no evidence of copying." Joint Appendix in 00-1543, Vol. I at 151.

Throughout its petition, Festo asserts that SMC's use of a non-magnetizable sleeve and only one sealing ring was

only "a minor and insubstantial variation." However, before the Patent Office and in order to obtain its patent, Festo asserted just the opposite. More particularly, Festo asserted that the difference between a magnetizable sleeve and a sleeve that was not magnetizable and the difference between two sealing rings and only one sealing ring were so significant that it justified the issuance of a patent to Festo. Further, during oral argument before this Court, Festo's counsel stated that it was the magnetizable sleeve and the two sealing rings that distinguished the Festo patent over prior art rodless cylinders.

> QUESTION: Suppose that I was going to buy your [patented] product and I knew what the [prior art] German patents contained and you were trying to sell it to me, and I asked you this. What does your product do that the product covered by the German patents doesn't do? What would you say?
>
> MR. BORK [Festo's counsel]: Well, I think I would – I would point to the sealing rings and the magnetizable –
>
> QUESTION: Exactly, and . . .

January 8, 2002 oral argument transcript in 00-1543 at 14.

Throughout its petition, Festo asserts that it narrowed its claims only for "clarification." However, the Federal Circuit held that the sealing ring amendments were made to avoid prior art (Pet. App. 19a) and the magnetizable sleeve amendment was made for a reason of patentability (Pet. App. 15a).

Before the district court, Festo's position was not that the magnetizable material limitation was added for the

purpose of clarification; rather, Festo said that the addition was a mistake by Festo's attorney for which Festo did not want to be bound. "Dr. Stoll [Festo's inventor] should not be held to unintentional limitations added incorrectly by an attorney of which he was not aware and of which he certainly did not intend," "[it] was mistakenly included by the attorney prosecuting the application before the United States Patent and Trademark Office without consultation with the inventor" and "[i]t certainly does not represent the inventor's wishes and he should not be bound by it." Joint Appendix in 00-1543, Vol. I at 54-56.

D. This Court's Presumption

As held in this Court's 2002 decision, this Court's presumption is based upon the fact that "[t]he doctrine of equivalents is premised on language's inability [in some instances] to capture the essence of innovation." 535 U.S. at 734. Accordingly, to rebut the presumption, the patentee must show "language's inability to capture the essence of innovation" in this particular instance. Stated in other words and as articulated by this Court, to rebut the presumption, "[t]he patentee must show that at the time of the amendment one skilled in the art could not reasonably be expected to have drafted a claim that would have literally encompassed the [now] alleged equivalent." *Id.* at 741.

Festo's position appears to be that, if it does not prevail, its failure to rebut the presumption must be characterized as a return to the absolute bar rule. This is plainly not the case. In its 2002 decision, this Court both established the presumption and noted that Festo might well not be able to overcome it. "On these questions, respondents [SMC] may well prevail, for the sealing rings and the composition of the sleeve both were noted expressly in the prosecution history." *Id.*

This Court's presumption had its genesis in the *amicus* brief filed by the United States: "This is the approach advocated by the United States, see Brief for United States as *Amicus Curiae* 22-28, and we regard it to be sound." *Id.* at 740. The United States' "sound approach" recognized (at 27) that, in many circumstances, the presumption would not be overcome: "Given the versatility of language, patent holders will face *a substantial obstacle* in overcoming the presumption that their narrowed claims encompass no more than they literally embrace" and "[t]he courts should exercise discipline in assessing assertions from patent holders that claim amendments could not have been crafted with greater precision, lest they invite wholesale return to the court of appeals' 'flexible bar approach,' which that court properly concluded is 'unworkable.'" Emphasis added.

The United States' brief also states (at 25) that patentees will only prevail "in certain exceptional situations." "At the same time, it [the opportunity to rebut the presumption] would prevent the injustice that could result from imposing a complete bar *in certain exceptional situations* where the preclusion of all equivalents would deny a patent holder a fair scope of protection." Emphasis added.

The genesis of the presumption was not, as Festo asserts, that the patentee would prevail most of the time but, rather, that "[t]he doctrine of equivalents is premised on language's inability [in some instances] to capture the essence of innovation." 535 U.S. at 734.

E. SMC's Petition

Although the Federal Circuit's decision was favorable to SMC, it did not end the case as it should have under this Court's 2002 decision. The Federal Circuit's decision negates this Court's presumption by (1) negating this Court's

test for rebutting the presumption and (2) failing to consider this Court's holding that the presumption cannot be rebutted if a claim element, before narrowing, covered the now accused equivalent. SMC filed a petition for writ of certiorari (03-1129) on the basis of the Federal Circuit's decision negating this Court's presumption.

The distinct issue raised in SMC's petition is not included in Festo's petition. For that reason, SMC's petition does not support Festo's petition. Further, the granting of SMC's petition has no bearing on the disposition of Festo's petition.

F. *Amicus* Briefs

Throughout its petition, Festo implies that patent holders do not favor claim certainty or the public notice function of patent claims whose importance is emphasized in the Federal Circuit's decision. However, this is contrary to the *amicus* briefs filed by many leading innovative and research-based companies when this matter was last before this Court in 2001. These companies and the number of patents they obtained in 2001 were as follows.

IBM – 3411
Micron – 1643
Hewlett-Packard – 978
Intel – 809
Kodak – 719
Applied Materials – 433
Procter & Gamble – 426
Ford – 360
Dupont – 330
Cisco – 163
Cypress Semiconductor – 107
United Technologies – 101

Oracle – 67
Genentech – 66

Lexis.com, 2000 U.S. Briefs 1543, No. 00-1543; PATENTING BY ORGANIZATIONS 2001, http://www.uspto.gov/web/offices/ac/ido/oeip/taf/topo_01.pdf.

These companies speak with a unique perspective since on different days they may be on different sides of the fence, i.e., depending upon the case, they may either be the patentee or the accused infringer.

Festo also implies that patent law bar associations are against the Federal Circuit's decision. However, Festo requested that the American Intellectual Property Law Association (AIPLA) and the Federal Circuit Bar Association (FCBA) file an *amicus* brief in support of Festo's petition, SMC was permitted an opportunity to respond to Festo's request and both the AIPLA and the FCBA declined to submit an *amicus* brief in support of Festo's petition.

REASONS FOR DENYING THE PETITION

A. Contrary to Festo's Assertion, the Federal Circuit's Decision Does Not Ressurect the Complete Bar

As discussed above, Festo's position appears to be that, if Festo does not prevail, it is a resurrection of the complete bar. However, and as also noted above, this Court's 2002 decision, and the *amicus* brief of the United States that advocated the presumption, were both clear that, in many circumstances, such a presumption will not be overcome. The fact that a patentee may not be able to rebut the presumption is not remarkable; the United States suggested in its *amicus* brief (at 25) that the patentee will be able to rebut the presumption "in certain exceptional situations."

Festo apparently asserts that it can overcome the presumption by satisfying any one of three criteria ("tangentialness," "some other reason," or "forseeability") without regard to whether it can show that it "could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent." 535 U.S. at 741. SMC disagrees with this assertion for the reasons discussed in SMC's petition for a writ of certiorari (03-1129). However, SMC nonetheless will address Festo's contentions with respect to each of these three criteria.

1. The Tangentialness Criterion Has Not Been Negated

Festo asserts (at 15-19) that the tangentialness criterion has been negated by the Federal Circuit. According to Festo, its narrowing amendments for the magnetizable sleeve and the two sealing rings were "tangential" because they were made only for "clarification." However, the *en banc* Federal Circuit disagreed. It held that Festo's narrowing amendments were not for clarification; the magnetizable sleeve amendment was "made for a reason of patentability" (Pet. App. 15a) and "the 'sealing ring' amendments in both the Stoll patent and the Carroll patent were made to distinguish prior art patents" (Pet. App. 19a).

2. "Some Other Reason" Has Not Been Improperly Restricted

Festo asserts (at 19-21) that "some other reason" has been improperly restricted. However, the Federal Circuit's *en banc* decision did not restrict Festo's ability to present any reason that it wished, since Festo responded to SMC's motion for judgment long prior to the issuance of the Federal Circuit's decision.

Festo states (at 20) that "the elements at issue in the Stoll patent ... were originally presented in dependent claims" and "[t]he original independent claim was cancelled and a new independent claim presented." Thus, Festo admits that it originally submitted a claim broad enough to cover the now accused equivalents and that it then narrowed this claim (by submitting a new narrower independent claim) which no longer covered the now accused equivalents. Festo stated that the reason it did so was because it regarded the now accused equivalents as "inferior" and "unacceptable." Pet. App. 17a, 20a. It was only when SMC began selling its rodless cylinder and Festo needed a supposed basis to file suit against a competitor that Festo decided that these features were no longer "inferior" and "unacceptable" but, instead, were "equivalents." For the reasons set forth in its 11-2 decision, the Federal Circuit had little difficulty in finding that Festo, if it desired, could have insisted upon a claim broad enough to cover the now accused equivalents. *Id.*

Festo also asserts (at 20) that it "should have an opportunity to develop evidence in this area to establish that the scope of surrender did not include the accused equivalent elements." However, Festo had every opportunity after SMC filed its motion for judgment to provide a legally sufficient reason to rebut the presumption. In responding to SMC's motion for judgment, Festo did not have to submit any testimonial or documentary evidence. All that it needed to do was to provide its reason for not insisting upon its previously filed broader claim which would have covered the now accused equivalents. Although Festo did submit a reason -- it believed that the now accused equivalents were "inferior" and "unacceptable" -- this reason admits that Festo could have insisted upon its previously filed broader claim to cover the now accused equivalents if it had desired to do so.

3. The Foreseeability Criterion Has Not Been Improperly Restricted

Festo asserts (at 21) that the foreseeability criterion has been erroneously interpreted. Festo quarrels with the Federal Circuit's holding that "if the alleged equivalent were known in the prior art in the field of the invention, it certainly should have been foreseeable at the time of the amendment." However, this common sense statement is hardly "overly restrictive" and Festo offers no reason to the contrary.

Festo further asserts (at 21) that "[p]atent holders must be permitted to present evidence on this criterion unencumbered by the Federal Circuit's overly restrictive holdings" and implies that Festo was restricted from doing so. However, plainly, Festo was not so restricted since Festo had full opportunity to respond to SMC's motion for judgment long before the issuance of the Federal Circuit's supposedly "overly restrictive holdings."

B. Contrary to Festo's Assertion, the Due Process Clause Has Not Been Violated

Festo argues that the Federal Circuit's decision prevents Festo from presenting evidence to rebut this Court's presumption. However, Festo's argument overlooks the fact that SMC's motion for judgment and Festo's need to respond thereto occurred long before the Federal Circuit's decision. Festo's response to SMC's motion for judgment, unrestricted by the later issued Federal Circuit decision, argued that Festo did not insist upon its previously filed claims that were broad enough to cover the now accused equivalents because Festo believed those features to be "inferior" and "unacceptable." Pet. App. 17a, 20a. However, the Federal Circuit held that such a reason was insufficient as a matter of law. This being so, it would not have helped for Festo to present testimony

that, at the time of the amendment, it believed that these features were "inferior" and "unacceptable."

Festo had every opportunity to present any reason it thought might help it rebut the presumption and it was not hindered in any way. Although Festo argues that it was denied due process, Festo does not identify how the Federal Circuit prevented it from presenting its reason why it did not insist upon its previously filed broader claims if it wanted broader protection. As recognized by the Federal Circuit, the plain fact remains -- Festo could have insisted upon its previously filed claims which were broad enough to cover the now accused equivalents -- but Festo chose not to do so because it thought them to be "inferior" and "unacceptable." It was only SMC's selling of a rodless cylinder with these features that caused Festo to change its position 180° to assert that these features were now "equivalent."

1. Festo Was Afforded Procedural Due Process

Festo asserts (at 22-24) that patent holders are entitled to procedural due process regarding this Court's presumption. Festo argues (at 23) that "[b]asic to the right to due process is the requirement that a party be given notice and a fair opportunity to present evidence when underlying facts are in dispute." However, Festo was indisputably given notice and a fair opportunity to present evidence. In fact, before the Federal Circuit, Festo merely had to assert its reason and was not even required to prove it at that point. SMC's motion for judgment certainly gave Festo notice that judgment could be entered against it. Festo's "reason" was in its own possession and it did not contend otherwise in response to SMC's motion for judgment. Festo was not restricted in the slightest in its opposition to SMC's motion for judgment since the Federal Circuit had yet to issue its decision

2. Festo Was Not Denied the Right to Present Evidence

Festo asserts (at 24) that the Federal Circuit's decision denies patent holders the right to present evidence. Festo argues (at 24) that "the Federal Circuit has used an incomplete and inadequate record to severely limit Festo's right to rebut the *Festo* presumption." However, the Federal Circuit did not restrict Festo in any way. Festo was not restricted to any record in its opposition to SMC's motion for judgment. Festo could assert any reason that it thought might help it rebut the presumption. Festo's reason was that it did not insist upon its previously filed claims that were broad enough to cover the now accused equivalents because it thought that these features were inferior and unacceptable. The Federal Circuit held this reason to be insufficient as a matter of law, even if it could be proved, since it constituted an admission by Festo that it narrowed its claims and did not cover these now accused equivalents because Festo thought them to be inferior and unacceptable.

Festo notes in its brief (at 26) that the United States in its *amicus* brief suggested the possibility of a remand to the district court. However, such a remand would be required only if it were first determined that the asserted reason for rebutting the presumption, if proved, was legally sufficient. Presumably, it might then be necessary for the patentee to introduce evidence before the district court to try to prove the asserted reason. However, if the asserted reason was not legally sufficient, even if proved, a remand to the district court would be an act in futility. Certainly, the United States was not suggesting a remand to the district court to consider a reason that was not legally sufficient.

3. The Presumption Is Neither Irrebuttable Nor Violative of Procedural Due Process

Festo asserts (at 27-28) that the *Festo* presumption as construed by the Federal Circuit is irrebuttable and, therefore, violates procedural due process. However, Festo confuses difficulty with impossibility and any difficulty is of the patentee's own making since it arises from the patetnee's deliberate narrowing of his claims in order to obtain his patent. Contrary to Festo's assertion, the presumption is not irrebuttable since a patentee can rebut it by showing that "at the time of the amendment one skilled in the art could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent." 535 U.S. at 741. However, each time the presumption is rebutted it means that the protection secured by the patentee escaped examination by the patent examiner; and that the public received no notice of the scope of protection possessed by the patent.

It is clear, however, that the presumption may often not be rebuttable. This is apparent from this Court's holding that "[t]he doctrine of equivalents is premised on language's inability [in some instances] to capture the essence of innovation" (535 U.S. at 734) and the statement by the United States in its "sound approach" in its *amicus* brief (at 27) that "[g]iven the versatility of language, patent holders will face a substantial obstacle in overcoming the presumption that their narrowed claims encompassed no more than they literally embrace."

Festo also argues (at 28-29) that it had no way of knowing the "rules of the game" prior to this Court's presumption. However, not surprisingly, patent holders have long been aware that a narrowing amendment may result in the patentee being held to the precise terms that it selected for

its amendment. As stated by the United States in its "sound approach" in its *amicus* brief (at 24) – "Thus, patent holders *have long been on notice* that they cannot assume, without considerable risk, that a narrowing amendment, made to overcome a patentability rejection, will embrace more than its literal terms." Emphasis added. Further, as held by this Court citing this Court's earlier decision in *Exhibit Supply* in 1942, "[o]n the contrary, '[b]y the amendment [the patentee] recognized and emphasized the difference between the two phrases[,] ... and the difference which [the patentee] thus disclaimed must be regarded as material.'" 535 U.S. at 734 citing *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126, 136-137 (1942).

4. The Federal Circuit Decision Did Not Improperly Decide Facts at the Appellate Level

Festo asserts (at 28-29) that the Federal Circuit deviated from accepted procedure by deciding facts at the appellate level. However, the Federal Circuit did not make any improper factual determination. Prosecution history estoppel is a matter of law and the question of whether a reason, if proved, would rebut the presumption is also a matter of law. The Federal Circuit merely decided that Festo's reason, even if proved, would not be a sufficient reason to rebut the presumption.

The Federal Circuit properly concluded that the presumption cannot be rebutted by offering as a reason that there was no intention to cover the now accused equivalents because they were thought to be inferior and unacceptable. In short, Festo had the opportunity to present any reason it thought might be of benefit to it, and it did not present any reason which required the Federal Circuit to make any improper factual determination.

CONCLUSION

For the foregoing reasons, Festo's petition for writ of certiorari should be denied.

Respectfully submitted,

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March 10, 2004

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REPLY TO BRIEF IN OPPOSITION

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PARTIES TO THE PROCEEDING

Pursuant to S. Ct. Rule 29.6, Festo, Festo Corporation, states that its parent corporation is Festo AG.

There are no subsidiaries or affiliates of Festo Corporation or Festo AG that have issued shares to the public.

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The Federal Circuit has again profoundly altered the patent system in a way that severely damages the value of all future innovation by unjustifiably limiting the scope of the remand from this Court to permit Petitioner, Festo Corporation ("Festo") a fair opportunity to rebut the newly created presumption. The Federal Circuit decision is consistent neither with this Court's prior ruling in *Festo*, nor with Festo's right to due process pursuant to the Fifth Amendment to the United States Constitution.

In response to the Petition, respondents ("SMC") assert that (i) Festo had an opportunity to rebut the newly created presumption in its response to SMC's motion for judgment at the Federal Circuit; and (ii) by amendment, Festo surrendered the subject matter it seeks to have the claim cover, i.e., classic estoppel which existed at the time of trial. Neither of these points has merit.

I. The Federal Circuit Prohibited Festo From Developing The Record Relating To The New Presumption

A recurring theme in SMC's opposition is that Festo had an opportunity to develop the record and rebut the new presumption in response to SMC's motion seeking judgment filed at the Federal Circuit. SMC argues that "Festo did not have to offer any evidence; it merely had to provide its reason so that the Federal Circuit could determine whether, if proved, the reason would be sufficient to rebut the presumption established by this Court." The very nature of this argument is absurd. At the Federal Circuit, Festo had to rely on the record developed well before this Court's decision creating substantially new rules regarding estoppel. Making unsupported arguments without the benefit of developing evidence to rebut the newly created presumption would be

useless. The presumption is overcome by submission of evidence not unsupported reasons as suggested by SMC. Festo did respond to SMC's motion for judgment noting that it intended to develop and present both documentary and testimonial evidence to substantiate rebuttal of the presumption in each of the ways identified by this Court.

The fact of the matter is that Festo could not present new evidence at the appellate level. Festo has been denied the opportunity to develop and present facts relevant to the issues of "tangentialness" and the "some other reason" categories of rebuttal by the Federal Circuit. Such a denial is clearly a violation of Festo's due process and contrary to the remand by this Court.

While the Federal Circuit remanded the issue of foreseeability to the district court, *all* the rebuttal categories "raise questions of fact and all raise questions of first impression, requiring full and fair exploration of the issues with benefit of the procedures of trial." (App. 43a). The Federal Circuit's limitation of the presentation of evidence to rebut the new presumption "constricts judicial ability to render a just decision." (App. 43a). SMC provides no justification why Festo should be prohibited from developing the record to address the newly raised issues by this Court's decision. SMC's position that Festo had its full opportunity to rebut the new presumption on an undeveloped record before an appellate court is without merit.

Judge Newman clearly points out the fundamental flaw in the Federal Circuit decision:

> Festo states that it can meet the Court's rebuttal criteria, and has proffered evidence as to all three criteria. This Court now denies Festo the opportunity to present evidence as to the two

> criteria of tangentialness and some other reason, establishing this criteria as questions of law, not fact, and decides these questions of first impression without development and without evidence. As to these criteria, Festo has been deprived of both trial and appeal.

(App. 38a-39a).

Festo must be given its right to rebut the new presumption before a trier in the first instance, not an appellate court based upon an undeveloped record.

SMC also relies on the *amicus* brief of the United States to suggest that only in certain exceptional situations can the presumption be rebutted. Festo can, if given the opportunity, prove such a situation. In any event, this Court adopted a different view that there are circumstances in which an "amendment cannot reasonably be viewed as surrendering a particular equivalent." (App. 59a).

SMC's restricted view of the United States proposed presumption was not adopted by this Court. This Court created additional avenues not enumerated by the United States to rebut the presumption such as "tangentialness" or "some other reason" criteria. It is this Court's decision, not the brief of the United States which governs this case. The decision of this Court did not rule that rebuttal of the presumption would be only in "exceptional situations," but rather created a framework for patentees to work within to strike a balance between the notice function of claims and the necessity for a flexible approach to the doctrine of equivalents noting that:

> "Each time the Court has considered the doctrine, it has acknowledged this uncertainty as the price

> of ensuring the appropriate incentives for innovation, and it has affirmed the doctrine over dissents that urged a more certain rule."

(App. 50a).

Moreover, SMC's reliance on the United States brief is misplaced. The United States recognized that such a fundamental change in the rules of the game creating a new presumption would mandate remand to the district court. (Brief for United States as *Amicus Curiae* in 00-1543, p. 11, 29). Contrary to SMC's position, Festo has not been given its full and fair opportunity to address the new issues raised by this Court's decision. Prosecution history estoppel was not at issue before the district court and the record relating to the reasons for the amendment and the effect of the amendment with respect to the accused equivalents has not been developed. Whether Festo can rebut the presumption should be determined in the first instance by the district court.

II. Festo Did Not Surrender The Equivalents At Issue

A. The Record Clearly Supports No Surrender With Respect To The Accused Equivalents

SMC is flat wrong in its assertion that Festo argued one way in the Patent Office to obtain its patent and the opposite to assert infringement. The record of the prosecution of the patents at issue does not support SMC's statement. In response to a § 112 rejection seeking clarification, Festo cancelled the sole original independent claim and presented a new claim including different terminology as well as subject matter from several original dependent claims. (App. 98a-102a). Festo did not argue that the amendments at issue were necessary to obtain the patent in view of the prior art, but did make a statement that "[e]ach

of the claims now present in this application has been revised for compliance with the provisions of Title 35 U.S.C. § 112. Accordingly, further consideration of these claims, particularly with respect to the provisions of Title 35 U.S.C. § 112, is respectfully solicited." (App. 99a-100a). At no time did Festo argue that the difference between a magnetizable or non-magnetizable sleeve was important or that two sealing rings was required for patentability. SMC's statements to this end are pure fiction and submitted for the sole purpose of misleading the Court.

SMC also asserts that Festo must prove it was "unable to present a claim that was broad enough to cover the now accused equivalents." (Opp. at 2). This argument plays no role in the analysis to rebut the presumption and incorrectly paraphrases the Court's ruling regarding the reasonable expectations of drafting a claim to literally encompass the alleged equivalent. (App. 59a).

SMC also relies heavily on the Federal Circuit's incorrect finding which is contrary to the record, that the amendment regarding the Stoll sealing rings was made to avoid prior art. (App. at 5). Both prior art German patents submitted along with the amendment disclosed a piston having two sealing rings. Furthermore, both original Claim 1 ("sealing means at each end") and newly submitted Claim 13 ("first sealing rings") included the limitation of two sealing rings. (App. 37a). Based upon these facts in the public record of the prosecution history, the "sealing rings" limitation clearly was not made to distinguish over the prior art, but to satisfy the 35 U.S.C. § 112 requirement of clarification raised by the examiner. If the Federal Circuit holding were correct, prosecution history estoppel in the classic sense would apply and would have been an issue at trial. SMC did not assert at trial that the amendments were